NESVICK TRADING GROUP, LLC

Thursday, August 14, 2025

NTG Morning Comments

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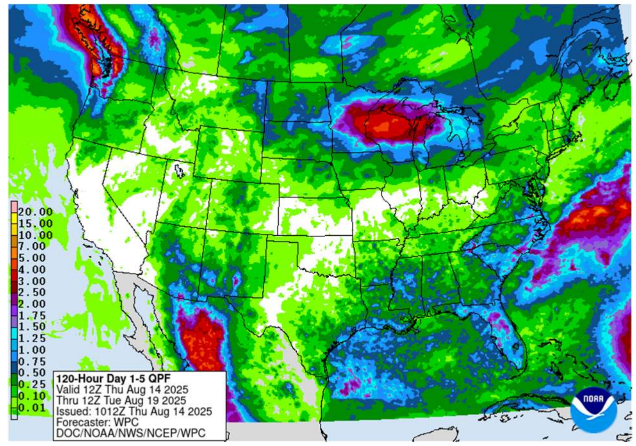
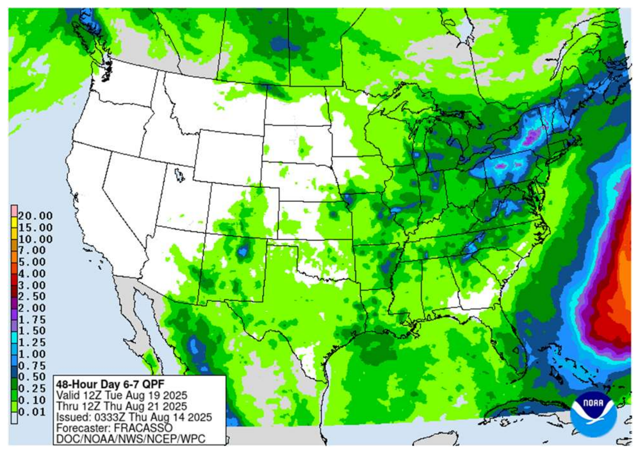
Weather

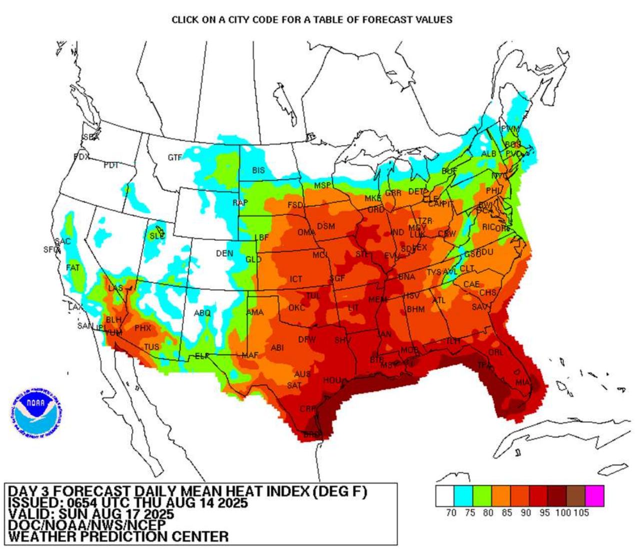
P24 was dry aside from SD and the southeast. Rain through about Tuesday should be confined to the N Plains and MN/WI and the southeast. The rain may dip into far northern IA/northern IL early next week. Light rain is expected in the ECB mid-next week.

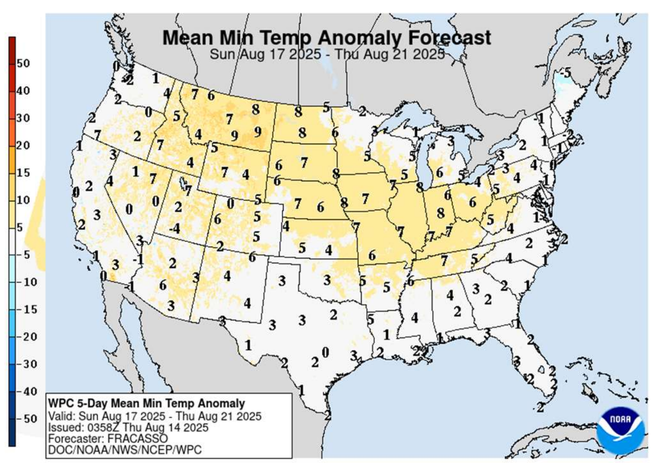
The big heat is expected to start today in the Plains and far WCB and then Fri for most of the Corn Belt. Temperatures are forecast at least 4-8 degrees above normal and 8-10 degrees above in the Plains/far WCB. Temps should back off some by Wed but the maps are warmer today through the end of next week.

There are rain chances in the Mid-South in the 6-10 day but should be mostly light. Regular rain is expected to continue over the next couple weeks in the N Plains. The S Plains should be dry for a week to 10 days with a lot of heat through Tues.









Grains

I'm going to dive deeper into the bean complex today, as I think it was the most important as far as a change in perspective. SX have rallied 50 cents off the lows yesterday and 63 cents from last week's low. Trump's tweet about China quadrupling US bean imports set the tone Sun night/Mon, and then the USDA reduced bean planted area by a stunning 2.5 mil acres (rough equivalent of 125 milbus). They raised the yield forecast more than expected and still ended up with a lower carryout than July. The big bear story has been the China trade war and how Braz+Arg+US stocks will be the biggest ever. Many in the trade have been touting 25/26 exports around 1500 milbus given China has ceased buying US beans. This compares to the USDA's 1705 (lowered yest from 1745). Last year at this time, the USDA forecast 24/25 US exports at 1850 milbus; yesterday, the USDA had old crop exports at 1875. Just want to point out that many private estimates were well below USDA all year and had to raise as the pace just kept up and has continued to be robust. I am definitely not bashing anyone's ideas (that's what makes a market), but it's for those that immediately want to say USDA is still way too high at 1705. That will be something to debate later.

SOYBEANS: U.S. SUPPLY AND DEMAND

	19/20	20/21	21/22	22/23	12-Aug 23/24 USDA	24/25 MB	12-Aug 24/25 USDA	25/26 MB	12-Aug 25/26 USDA		Scenario 25/26 USDA	Scenario 25/26 USDA
Planted Area	76.1	83.4	87.2	87.5	83.6	87.1	87.1	80.9	80.9		80.9	80.9
Harvested Area	74.9	82.6	86.3	86.2	82.3	86.1	86.1	80.1	80.1		80.1	80.1
Yield	47.4	51.0	51.7	49.6	50.6	50.7	50.7	51.8	53.6		52.5	51.0
Carryin	925	538	257	274	264	342	342	358	330		330	330
Production	3552	4216	4464	4270	4162	4366	4366	4150	4290		4205	4085
Imports	15	20	16	25	21	20	25	20	20		20	20
Total Supply	4492	4774	4737	4569	4446	4729	4734	4528	4641		4555	4435
Crush	2165	2141	2204	2212	2285	2422	2430	2530	2540		2540	2540
Exports	1679	2266	2152	1980	1700	1847	1875	1652	1705		1705	1705
Seed	97	101	102	72	75	78	70	75	73		73	73
Residual	15	9	5	41	44	24	29	25	34		34	34
Total Usage	3956	4517	4463	4304	4104	4371	4404	4282	4352		4352	4352
Carryout	538	257	274	264	342	358	330	246	290		203	83
Carryout % Use	13.6%	5.7%	6.1%	6.1%	8.3%	8.2%	7.5%	5.8%	6.7%		4.7%	1.9%

I think the immediate interest should be the fact that we now NEED the 53.6 bu/a yield, and ECB/Mid-south crop ratings have declined in last couple weeks due to dry conditions. In addition, the forecast continues to look mostly dry in these areas for the next week (if not longer), with temps expected to run 4-8 degrees above normal for much of the next week. Using USDA's usage forecasts, even a record 52.5 bu/a would put ending stocks closer to 200 milbus. I added a couple scenarios showing 52.5 bu/a and 51.0 yields (last year ended dry, and the final yield was 50.7). You can see it can get quite tight fast.

Last year beans rallied roughly 13% from the Aug report day low until late September (950 to 1070). A similar move this year would be to 1125 by the end of Sept. Also, in Sept last year, the USDA left yield unchanged at 53.2 bu/a and printed a carryout of 550 milbus (12.5 stocks to use). The market is still structurally carrying a sizable fund short and US CIF remains competitive with Brazil. We have a massive meal short as well with a domestic market that been firming due to nearby tightness. Crush rates are set to slow with widespread downtimes coming up. Board crush margins have dropped sharply since early August. Bottom line, I think the market needs at least a modest risk premium and we are set up for further short-covering if the weather unfolds as is currently forecast.

Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached at megan@bockentrading.com or on Trillian at megan@nesvick.com.

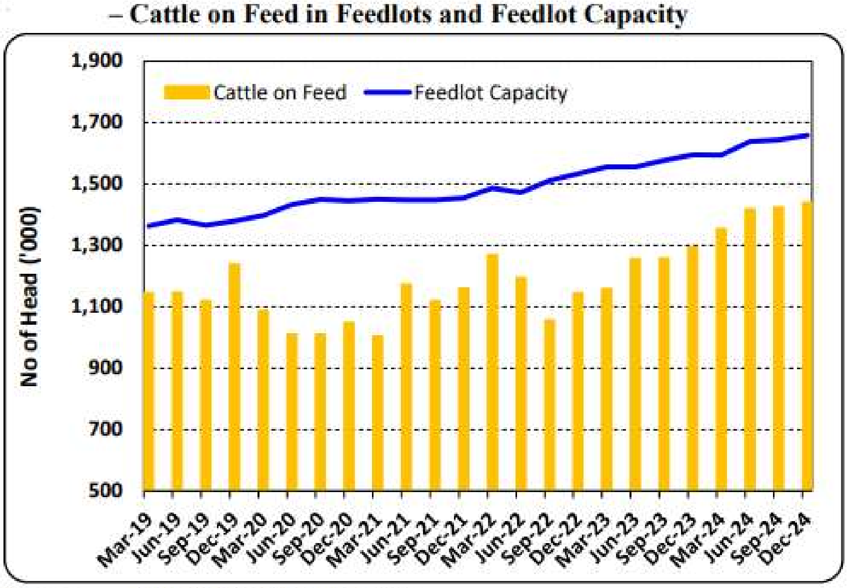
Livestock

Australian slaughter has not gotten much attention lately, as it has been big all year. The demand for beef in the US - along with the Brazilian tariffs - have increased the focus on Australia. The US will take both high quality chilled prime product and frozen lean trim from Australia. We are their largest importer, so it is important to keep an eye on the Aussies.

Weekly Australian slaughter through last week was 153,096 head, up 4% from last week, up 13% from last year, and up 35% compared to the previous 5-year average. Year-to-date slaughter stands at 4,387,369 head, up 11% (442,644hd) from last year.

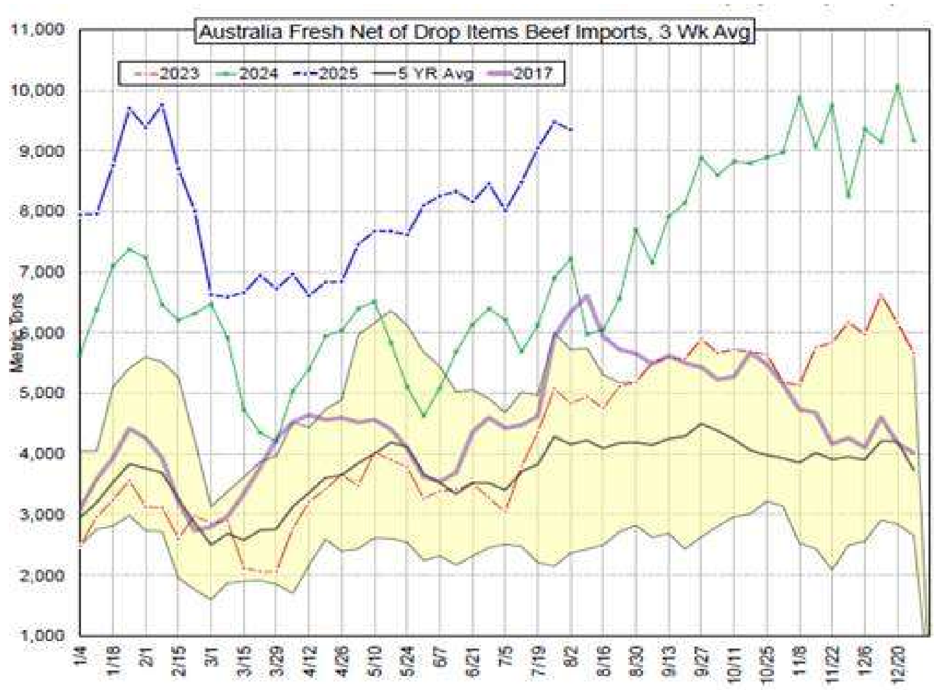
Beef production this year is projected to be record high at 2.7 million pounds (+6% YoY), driven by high slaughter volumes and historically heavy carcass weights, much like here in the US. Currently, just under 40% of the cattle in Australia are grain fed and that number is expected to increase as the Aussies add feedlot capacity and grow their herd.

– Cattle on Feed in Feedlots and Feedlot Capacity



Source: Meat & Livestock Australia

US imports of Australian beef year-to-date are up a whopping 33% (64,680MT), and I expect this number to grow substantially through the rest of the year as the world adjusts to the new tariffs and trade deals.

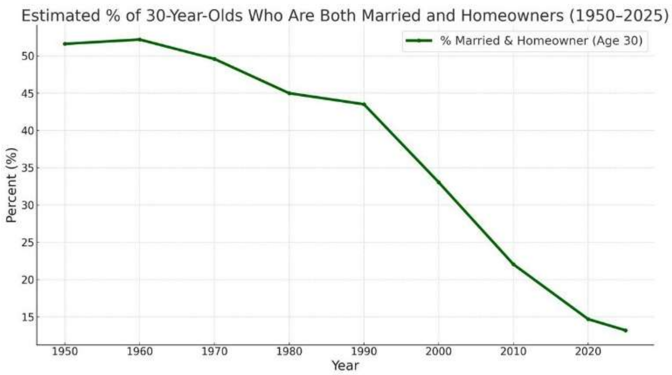


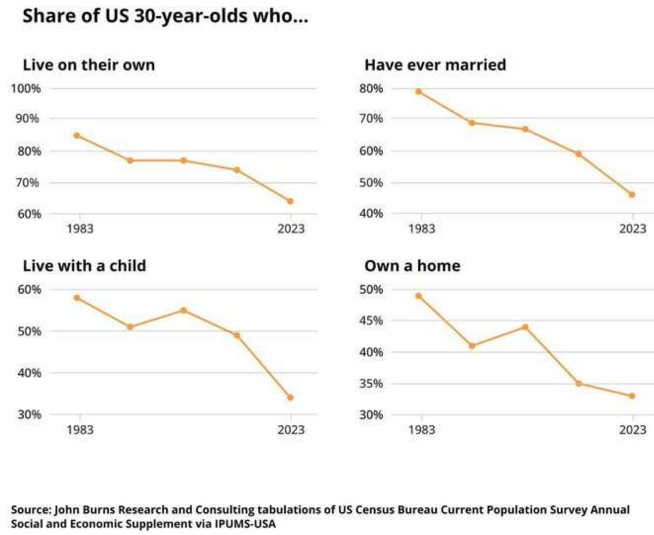
Looking back stateside, US cattle futures had another wild day, with a $4.50 range in fats and a $7.00 range in feeders, driven mostly by higher cash trade and friendly fundamentals. One regional packer paid $5 higher at 385 dressed in the north. All major packers were quiet - and I can't say that I blame them. The last two weeks in a row, the futures market took a dive late week, which was a gift to keep the cash cattle market from marching higher. Once again, if the packer can keep live cattle prices steady, it will be a victory. Feeder cash does not seem to want to break even when the board is trading lower. I look for the feeder cattle index to go from Wednesday's print of $344.10 to $348-350 next week as the auction lineup looks really promising for next week. Unfortunately, however, for August feeder expiration we have just two weeks left. Early call is index higher next week and lower into expiration.

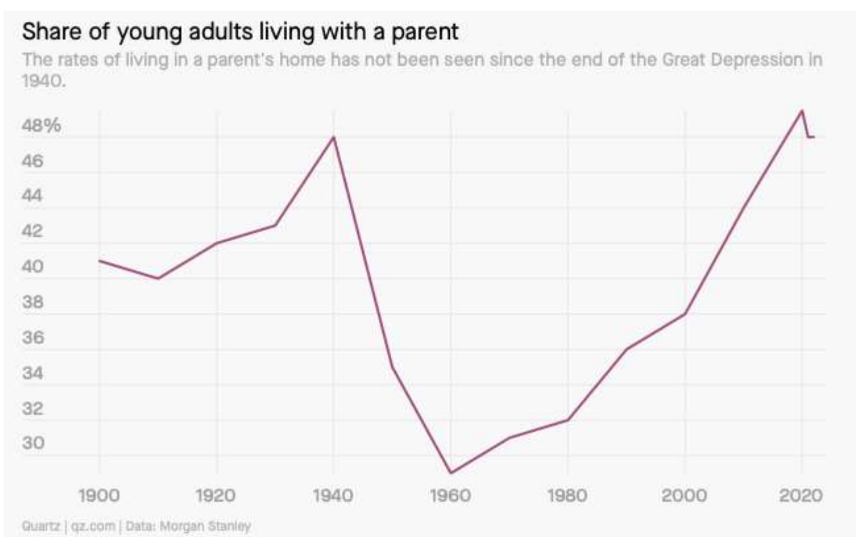
Livestock commentary provided by Ashley Lowe. For questions or comments, Ashley can be reached at ashley@nesvick.com or on Trillian at ashley@nesvick.com.

Financials

Adding to yesterday's discussion on real delinquencies, let's take a look at a few charts in regards to the younger generation dynamic. We're seeing currently only 12% of 30-year-olds are married and own a home. Down from 52% in 1950. In 1983, almost 80% of 30-year-olds were married and 50% already owned a home.







Financials commentary written by Mark Sigman. For questions or comments, Mark can be reached at msigman@nesvick.com or on Trillian at msigman@nesvick.com.

Today's Calendar (all times Central)

- CONAB Report – 7:00 AM
- PPI – 7:30 AM
- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM

Thanks for reading.

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